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SUBJECT: THE FRENCH EU PRESIDENCY: INSTITUTIONAL GOALS IN THE SHADOW OF CRISIS MANAGEMENT

Classified By: Political Minister-Counselor Kathleen Allegrone for reasons 1.4 b and d.

¶1. (C) Summary. French Presidency EU Advisor Fabien Raynaud provided his views on the first months of France's EU Presidency in an mid-August introductory meeting. Setting external issues aside to focus on internal EU cooperation, he said that the GOF is encouraged by progress thus far on its main priorities: European Security and Defense Policy (ESDP), immigration, climate/energy, and the Common Agricultural Policy (CAP). He also stressed the need for the EU to agree to a plan for its 2009 parliamentary elections, since the Lisbon Treaty will not have entered into effect as originally planned. Although the elections can proceed under the Nice Treaty rules of 2000, it would have been better to have had the new treaty in place. Comment: Raynaud's focus on institutional issues may since have been overshadowed by external issues such as the crisis in Georgia and the energetic French-led diplomatic response that may be the most high-profile legacy of this French EU presidency. End comment and Summary.

¶2. (C) ESDP: France is focused on concrete, pragmatic steps to build cooperation and to shift European mindsets towards working together on defense. He noted that a more effective ESDP will better complement NATO. Raynaud said the failed Irish referendum on the Lisbon Treaty does not call into question France's ESDP aims, which were not institutional in nature. One sample goal would be creating a mechanism to increase helicopter capacities through better maintenance; Raynaud noted that some member-states have Warsaw Pact-era assets that are not fully functional because they need more attention than their owner states can provide. Another example is an exchange program among military academies modeled after the very popular EU "Erasmus" university exchange student program. Raynaud noted that NATO has military exchange programs, but not all EU members are NATO members. Raynaud said some European partners might prefer to concentrate on anti-piracy operations under the EU umbrella because they would be politically easier in terms of the constitutional questions raised in some states and for which rallying public support would be easier. Note: this conversation occurred in mid-August and does not reflect more recent ESDP-NATO discussions on counter-piracy proposals.

¶3. (C) Immigration: Raynaud said the draft immigration pact received a very positive reaction from the 27 in July. The French Presidency's goal, therefore, is to reach agreement on the final text by the end of September and receive endorsement from the European Council in October.

¶4. (C) Climate/Energy: Raynaud said pushing through the climate package will be much more difficult. In order to meet the EU's so-called "20 20 20" goals (reducing carbon dioxide emissions by 20 percent, increasing the share of renewable energy to 20 percent, and improving energy efficiency by 20 percent, all by 2020), each member-state will have to accept its share of commitments, some of which will have negative impacts on industry and ways of life. The European Commission is developing the text that will

distribute the reduction among countries, a sensitive and difficult project that France hopes will be concluded by the end of the year. Raynaud said that within Europe, emissions must continue to be viewed as zero-sum and the question of a shared cap with division of efforts not reopened. He noted that not just the 27 member-states but also the European Parliament have to agree eventually to the package. The GOF wants the EU to play a leadership role in the international negotiations at the UNFCCC COP in Poznan in 2008 as well as in 2009, which he noted was really "last minute" for a new agreement that would need to be ratified and in force by 2012.

15. (C) So-called "carbon flight" is another potential concern that will have to be addressed, a hypothetical scenario in which high-emissions industries that already have difficulty competing internationally might have to leave Europe or be shut down. By 2011, the Commission has to examine two options to protect those industries: free quotas for those industries and an "adjustment mechanism at the border." Both concepts are necessary, complementary, and will need to be documented in text as early as 2009. Raynaud observed that countries that don't join international agreements to reduce their emissions would have to purchase quotas at the border to offset the competitive advantage their imports would have. He described such measures as "big sticks" to convince resistant states to join international mechanisms. He noted that climate change was a major topic for the July EU-South Africa summit and will be topics for the September EU-India, November EU-Russia, and December EU-China summits. Raynaud expressed hope that the new U.S. administration would join France in international climate

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leadership.

16. (C) Agriculture: The French EU Presidency has a double objective on agriculture, according to Raynaud: shepherding the short-term "health check" of the Common Agricultural Policy as well as reaching broad agreement on the basic principles of the CAP's next reform iteration. The health check should be straightforward, but the second objective will be less so. France hopes to enshrine the concept that the next CAP will contribute to Europe's food security and to the fight against climate change.

17. (C) Lisbon Treaty: Raynaud said that Irish Prime Minister Cowan will come to Paris for further consultations in September. The French Presidency needs to lock in agreement on the method for eventual ratification by the end of the year. For example, the questions must be clear on how the European Parliament will be elected in 2009 and how the Commission will be established afterwards. Raynaud clarified that either the Treaty of Nice or the Treaty of Lisbon provisions will be implemented, not those of any new provisional document. Raynaud speculated that it was more likely that the Treaty of Nice would prevail, since the Irish are unlikely to have ratified the Treaty of Lisbon in time. Noting that the states that have voted "no" on EU referenda are older member-states, rather than the oft-portrayed "unruly" new ones, Raynaud described France's role as facilitating the three remaining ratifications, by the Irish, Czechs and Swedes. Raynaud said the Swedish process is underway and should conclude successfully in October or November. The Czech Republic is a little more difficult because its President is a euroskeptic; although his role is limited, he nonetheless represents the ruling party. President Sarkozy has underscored with Czech authorities that they will have no authority in the EU Presidency (which they assume from the French in January 2009) if they have not ratified Lisbon. Raynaud characterized the question for the Irish as how they can vote again someday - but likely not in early 2009.

18. (C) Comment: Raynaud, in this introductory call as the situation in Georgia was rapidly escalating, opted to focus

on the more technical and institutional issues that comprised France's priorities as it took over the presidency. Although these may have been the true focus prior to the energetic French-led EU diplomacy on the crisis in Georgia, we have not heard as much since, for example, about how the Irish rejection of the Lisbon Treaty has affected the EU's institutional evolution or its ability to maintain unity in the face of a serious crisis. Though France's pre-determined agenda items are no doubt still being actively worked, even the energetic Sarkozy and FM Kouchner will have less energy to devote to building consensus among the 27 on the more thorny items. We will look for an opportunity to meet again with Raynaud to find out how France intends to progress in its original agenda given the current and inevitable preoccupation with Russia. End comment.

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